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#### TAX PRACTICE

## Update on the fiscal measures adopted by the Greek Government in response to the COVID-19 pandemic

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# Update on the fiscal measures adopted by the Greek Government in response to the COVID-19 pandemic

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The Greek Government has implemented additional set of measures through the Legislative Acts of 13 April 2020 and 30 March 2020 to combat the adverse effects of the COVID-19 pandemic. Following the support measures introduced by the latest and also the previous Legislative Acts, several Joint Ministerial Decisions have already been issued during the last days that provide for guidelines on the implementation of such measures.

For the time being, the following fiscal measures have been announced by the Greek Government:

## 1. Extension of the deadlines for the payment of VAT obligations, assessed tax liabilities and installments of assessed liabilities as a result of a settlement

The deadline for the payment of the following tax obligations is suspended until 31<sup>st</sup> of August 2020:

- Payment of VAT amounts. This concerns amounts due in the period from 11<sup>th</sup> March 2020 until 30<sup>th</sup> April 2020.
- Payment of any assessed tax liability towards a Tax Office or an Audit Center. This concerns amounts due in

the period from 11<sup>th</sup> March to 30<sup>th</sup> April 2020;

- Payment of installments based on settlement schemes. This concerns amounts due in the period from 11<sup>th</sup> March 2020 until 30<sup>th</sup> April 2020.

Based on the guidelines, the following legal persons/entities and individuals are eligible to the suspension of the deadlines for the payment of the abovementioned tax liabilities:

- Enterprises which have suspended their operation further to an explicit governmental decision and its employees;
- Enterprises which have been significantly affected by the spread of the Coronavirus pandemic as well as its employees, as long as the employment contracts of the latter have been suspended. Enterprises qualify as “affected enterprises” to the extent their active primary Activity Code Number (hereinafter “ACN”) or their secondary ACN -based on their revenues for the fiscal year of 2018- are included in the list published by the Ministry of Finance on 26<sup>th</sup> of March 2020 (hereinafter “affected enterprises”);

- Individuals or legal persons/legal entities who lease real estate properties to affected enterprises and to enterprises which have suspended their operation further to a governmental decision;
- Self-employed individuals operating in business sectors with an ACN that is included in the list published by the Ministry of Finance on 26<sup>th</sup> of March 2020 (i.e. affected enterprises).

During the suspension period, no interest and surcharges shall be imposed on the amounts of taxes due.

As regards the affected enterprises, the extension of the deadlines applies under the condition that the existing number of employees is retained by the companies.

## **2. 25% discount for timely payments of assessed tax liabilities and installments of assessed liabilities as a result of a settlement**

A discount of 25% is provided for in case of timely payment of assessed tax liabilities and installments of settlement schemes due within 30 March 2020 to 30 April 2020. Said tax benefit is granted to affected enterprises or enterprises that have suspended their operation following a state's decision as well as individuals eligible to receive the special purpose compensation of 800 EUR. However, VAT and withholding taxes, which are not subject to a settlement scheme, are excluded from this benefit. It is noted that, based on a recent decision issued by the Ministry of Finance for the purpose of implementation of said measure, the deadline for the timely payment of assessed tax liabilities/installments that were initially due on 30 and 31 March

2020 has been extended until the 21<sup>st</sup> April 2020.

## **3. 25% offset of timely payments of VAT liabilities with tax liabilities due as of 1st May 2020 onwards**

Affected enterprises or enterprises that have suspended their operation following a state's decisions which proceed to timely full payments of VAT liabilities due up to 30 April 2020 are provided with an alternative tax benefit. In particular, said companies can offset 25% of the VAT amounts paid with tax liabilities of any kind which are due as of 1st May 2020 onwards.

## **4. VAT exemption on certain donations to the Greek State**

A VAT exemption is provided in case of supply of goods and/or provision of services in the form of donations to the Greek State which is related to any kind of hospital specific equipment, personal protection products and all kind of medicines. Based on this measure, the suppliers, either individuals or legal persons/entities, are entitled to deduct any input VAT in relation to this VAT exempt supply of goods/services. Special attention needs to be drawn to the fact that donations to the Greek State are exempt from donation tax.

## **5. Financial state subsidy in the form of a refundable prepayment**

A refundable prepayment, amounting to EUR 1 billion in total and to a maximum of EUR 500,000 per business, financed by the Greek State's Budget is provided to enterprises that have been financially affected by the spread of COVID-19. Such financial aid is tax exempt, seizure and shall not be offset against any liability. Said

prepayment should be refunded to the Greek State within the next 5 years, either in total or partially depending on the viability of each enterprise.

This measure is addressed to small and medium enterprises of all economic sectors, that have their seat or permanent establishment in Greece and employ at least 1 and a maximum of 500 employees. Also, based on the press release of 12.04.2020, the relevant Joint Ministerial Decision is about to be amended in order for this measure to apply also to private enterprises of all economic sectors with the legal form of a General or Limited Partnership (“O.E.” and “E.E.” respectively), Limited Liability Company (“E.P.E.”) and Private Capital Company (“I.K.E.”) even without personnel.

In more detail, the following undertakings may express their interest:

- Enterprises which are not in difficulty within the meaning of Regulation (EC) No. 651/2014 or were not in difficulty at 31 December 2019 but run into difficulty subsequently as a result of the occurrence and spread of the COVID-19. Such enterprises should not have a prior aid, which has been declared incompatible by the European Commission;
- Enterprises fulfilling the conditions laid down in Regulation (EC) No. 1407/2013, in case they have not yet reached the threshold set in the Regulation for the 2018-2020 three-year period;
- Enterprises which have not been inactive since April 2019, based on the data held in the tax register of the

Independent Authority for Public Revenue.

The submission of the application does not require the enterprises to qualify as “affected enterprises” based on their ACNs. Eligibility factors will take into account current tax data and other economic indicators, compared to those of previous periods through an automated mechanism designed by the Ministry of Finance.

The eligible enterprises should submit a request through a special online platform ([www.aade.gr/mybusinesssupport](http://www.aade.gr/mybusinesssupport)) until the 21st of April 2020. Further guidelines in relation to the aforementioned incentive will be issued.

## 6. Suspension of specific deadlines included in the Tax Procedure Code

The following deadlines of the Tax Procedure Code are being suspended.

- Suspension until 30.04.2020 of the deadline for the tax authorities to serve to the taxpayers preliminary or final tax assessment acts
- Suspension until 31.05.2020 of the deadline for the taxpayers to submit their views on preliminary tax assessment acts
- Suspension for sixty (60) days of the deadline for filing administrative appeals, which has expired or will expire in the period between 11.03.2020 and 31.05.2020.
- Suspension for sixty (60) days of the deadline for the Dispute Resolution Directorate to issue decisions on administrative appeals, which was due

to expire in the period between 20.03.2020 and 31.05.2020.

**7. Extension of deadlines for the submission of capital duty, stamp duty, donation, inheritance, gambling profits and parental grants tax returns**

The deadline for filing capital duty and stamp duty returns (which, in principle expires until the end of April 2020) is extended for two (2) months. Further, the deadline for the submission of inheritance and gambling profits tax returns (which, in principle, expires until the end of April 2020) is extended until 29<sup>th</sup> of May 2020. The same extension of the deadline is also applicable on donation and parental grants tax returns where there is no requirement for a notarial deed.

**8. Extension of the deadline for reporting of tax documents for cross checking purposes of information ("MYF")**

The deadline for the submission of MYF for the year 2019 is extended until 30<sup>th</sup> of June 2020.

**9. Extension of the deadline for the payment of assessed tax liabilities of specific categories of individuals**

Individuals aged over seventy (70) years old or with a disability of over 80% with assessed tax liabilities due on 31.03.2020 are provided with an extension to the deadline for the timely payment of said liabilities until the 24<sup>th</sup> of April 2020.

Since the Government is constantly announcing new measures, the aforementioned may be updated in the future.

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